



Business Case

for Facilities Management Services

The University of Tennessee at Knoxville

October 2017



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Shared vision, shared success

In 2016-17, the State of Tennessee issued a Request for Proposal (RFP) to facilities management outsourcing companies to identify the most qualified firm prepared to assist State of Tennessee and its higher education institutions in improving the quality of their campuses. After a competitive bidding process that involved three multinational firms, Jones Lang LaSalle Americas, Inc. (JLL) won the contract, based on our proposal and supported by our proven success with the State since 2013. Results of the initial program, which has included 10% of State properties, yielded improved service levels, higher occupant satisfaction, and more than \$40 million in cumulative savings between FY2013 – 2017. The program is on track to achieve more than \$50 million in savings over five years.

Moving forward to expand the outsourcing effort, JLL and the State of Tennessee have developed a shared vision statement built around the three pillars of teamwork, ethics, and excellence. This shared vision is the cornerstone of our partnership with the State and the Authorized Entities (AE) that utilize the master contract. This shared vision assures the University of Tennessee Knoxville (UT) full transparency in costs, the highest commitment from both organizations to support UT’s needs, and complete access to investments into a world-leading facilities platform, which UT cannot by itself achieve.

 <i>Teamwork</i> We empower each other	 <i>Ethics</i> We always act honestly and responsibly	 <i>Excellence</i> We always strive to be the best we can be
Tennessee’s Shared Vision Statement		
We collaborate as good stewards for the citizens of Tennessee to provide customer centric services that drive excellence in facilities and grounds management, accomplished through empowered and engaged employees who innovate and optimize both processes and technology resulting in better service at lower cost.		

Based on this shared vision, JLL presents our Business Case to UT on the following pages.

An opportunity for continued success at University of Tennessee Knoxville

The **Vol Vision** has been established to set the University of Tennessee Knoxville (UT) on a journey to become a top-tier public research university. Included in this vision, and to support its **Strategic Priority 5**, is to:

- Improve operational efficiency through greater space utilization, business process modernization, and shared resources, among other opportunities.
- Continue to monitor and control costs.
- Implement a master plan to modernize the campus and improve appearance.

With understanding and alignment with the above Strategic Priority, the facility management initiative proposed by JLL can directly support UT's "Action Priority" of "effectiveness and cost management" in order to "improve operational and organizational efficiency". This support can come from efforts to build upon already successful facilities operations, providing a productive, safe, sustainable and aesthetically-pleasing environment. While enhancing existing programs, operating costs can be significantly reduced in initial years and further in subsequent years, while expertly stretching capital investments. In doing so, UT can further its' position to attract and retain leading student and faculty candidates, and to engage alumni.

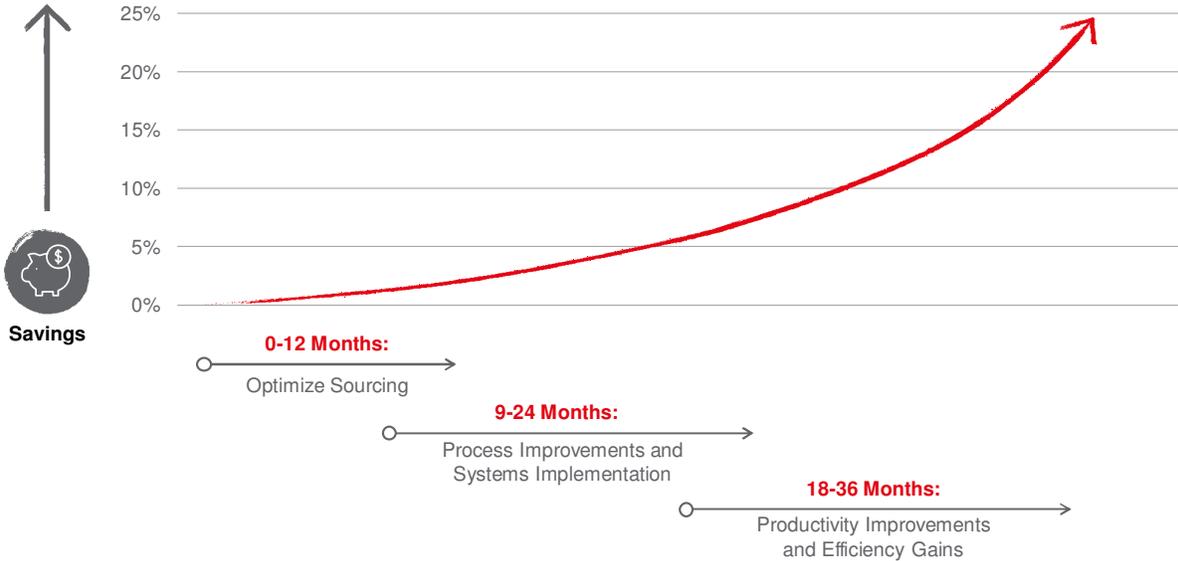
UT is fortunate to have a skilled and cohesive facilities team with seasoned leadership. There are opportunities to improve the aesthetics, safety and operational soundness of the campus to support its students, faculty and other occupants, as well as to create savings to fund these improvement opportunities. During our campus tour, we observed a well-managed campus, yet with certain opportunities for continued improvement, which JLL's facility management platform can help address, while reducing the costs upfront and more over time. (See specific insights below.)

Opportunities for UT

While the State of Tennessee is particularly innovative regarding public-private partnerships, higher education institutions across the country have relied on private companies to manage and operate services for decades.

Services outsourced at higher education institutions across Tennessee and the country include food and beverage, bookstore management, landscaping, janitorial, maintenance, security, parking and event ticketing. JLL’s new contract with Tennessee enables State agencies and public higher education institutions such as UT to utilize JLL’s facilities management services at advantageous terms and conditions. UT will gain the following benefits:

- **Enhanced service quality for occupants and users of managed buildings.** JLL has observed the strength of the in-place team and facilities program at UT, and seeks to combine those strengths with strengths of its own. Higher education institutions that choose to partner with JLL understand our proven track record of excellent services. As a demonstration of our commitment to high-quality service, JLL requests occupant feedback after each property maintenance service. In JLL-managed State of Tennessee-owned facilities, occupants reported a 97% satisfaction rating over the past four years.
- **Cost savings without sacrificing quality or service levels.** Based on our site tours of the UT campus and data provided to JLL, we have identified in our base proposal **annual cost reduction opportunities exceeding \$5.2 million, with most savings within the larger E&G portion of the facilities operation.** Please refer to Appendix A for further details. We believe this **future savings can continue to occur** with UT through the normal facilities operations, including the scaled pricing elements as additional universities and state agencies are added into the program.



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- **Identification of opportunities for improvements.** JLL brings a fresh perspective to managed buildings, leveraging its scale and expertise to implement creative environmental initiatives and best practices. In Tennessee, JLL's integrated facilities management work since 2013 has saved more than 2,400 trees, a million gallons of water, and nearly 300 barrels of oil. JLL has streamlined utilities expenses, reducing electricity use at managed facilities by 600,000 kilowatt-hours. Its waste reduction program has kept 430 cubic yards of waste – enough to fill 43 cement mixer trucks – out of Tennessee landfills.
 - **An environment where all employees are treated with respect—a priority for JLL and for UT.** JLL has received numerous accolades for creating positive, productive workplaces at its managed buildings. *Fortune Magazine* has recognized JLL as one of the World's Most Ethical Companies for a decade and included the company on its 2017 World's Most Admired List. JLL regularly reviews compensation and benefits packages to ensure they are industry-leading, enabling the company to attract driven and engaged employees. Respect for and the relationship with all of its' employees is a fundamental element of JLL's success. (note further our "people care" program on pages 13-15 within this document).

Site tour observations and insights – opportunities to benefit UT

JLL had the opportunity to tour UT's campus in August 2017. This provided us with valuable insights into your facilities operations and opportunities for improvement. Below are some of our key observations and recommendations.

Custodial

- TRECS (student recreation) Building could benefit from the use of anti-bacterial door handles and have more sanitary wipes available throughout work out areas to prevent spread of infection.
- Recreational Aquatics Building could benefit from the use of more disinfectants to prevent spread of germs as many community youth utilize the facility.
- Hess Hall (residential) could benefit from the use of wide-area vacuums.
- Brown Hall (new) – no suggestions.
- Stokely Hall (athletic dorm) -- suggest housekeepers could make dorm signs and distribute communications (under doors, etc.) before move-out dates to enhance room-turn cleaning.
- Neyland Suites could benefit from the use of more communication with athletics staffers to ensure appropriate distribution of large game day custodial presence.

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- Thompson Boling Arena utilizes subcontractors to clean bowl seating after games, and could incorporate this service with on-site custodians.
 - Alan Jones Aquatics Building could utilize better methods of stainless steel cleaning compounds and methodology.
 - Thornton Student Life Center could benefit from newer equipment and processes.
 - Science & Engineering - several eye wash stations could benefit from adding drains that currently do not exist.
 - Biology Services Department could benefit from the use of newer scrubbers.
 - General comments - Event scheduling software could be more widely used to prepare and plan for cleaning needs. Forms of communications with custodial services varies from department to department which could be standardized.

Diversified Maintenance would introduce to the UT team staff training including the following components:

- Orientation training
- On-the-job training/apprenticeships
- Classroom training

Grounds

- Consolidate third-party subcontractors into one (JLL's Alliance Partner for grounds and landscaping, **BrightView Landscapes**) for staffing, equipment, in-house design and irrigation repair, to deliver savings and increased expertise:
 - Mapping study for mowing and snow zones
 - Turf management program and treatment plan
 - Seasonal color installation plans
 - Grounds quality standards training
- Redesign flower beds to maintain high floral impact, while achieving savings

R&M

- Implement best practices for increased training to drive self-performance, safety, and better utilization of the in-house staff:
 - Workplace hazard assessment and identification of code violations
 - Conduct safety and skills training for all staff (36 online engineering training courses are available)
 - Undertake Skills/Needs Assessment for each employee
- Improve the preventive maintenance program to eliminate reactive and repetitive corrective work orders and improve safety:
 - Implement Predictive and Next Generation Maintenance programs to improve unplanned downtime, extend equipment life, and increase client satisfaction
 - Inventory all assets and determine asset conditions and age
- Leverage the JLL sourcing platform for reduced costs of third-party specialty R&M services and materials:

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- Implement JLL Marketplace – a one stop shop, client-facing e-commerce solution for the ordering and invoicing of products, granting quick and easy access to JLL leveraged pricing from national manufacturers and suppliers for a variety of categories: MRO (tools, parts and materials), standard consumables, construction supplies and industry leading partner and premium products
 - Implement purchasing relationships with pre-established preferred partners
 - Implement the numerous energy improvements identified, supported by the JLL staff for reduced utility costs
 - Undertake evaluation and management of all central plant and infrastructure elements, typically areas of significant sources of savings (see Appendix B – Central Plant Management Case Studies)

Proposed site leader

As part of our solution and staffing model, JLL will appoint a Site Leader for UT, who will serve as your single-point-of-contact for all services delivered by JLL and our Alliance Partners. JLL has identified several confidential candidates for this position and we will work with UT on the selection of the appropriate candidate.

JLL's Alliance Partners – custodial and grounds

Building a team of experts is critically important to achieving our shared goals and to delivering maximum value for UT. We have selected two Alliance partners for this initiative: **BrightView Landscapes** for grounds maintenance and **Diversified Maintenance** for custodial services. However, our Alliance is not exclusive, and we have the ability to utilize incumbent suppliers where it is in the best interests of UT.

Both Diversified and BrightView have a long partnership history with JLL and our firms are aligned with the State's vision. Together we will form 'One Team,' operating as a unified facilities maintenance organization focused on quality, consistency, and operational excellence across your portfolio.

An overview of BrightView and Diversified is provided below.

BrightView – Grounds / Landscaping Services

BrightView is the nation's leading landscape services company. More than 20,000 team members design, build, maintain, and enhance thousands of clients' properties including housing communities, corporate campuses, healthcare facilities, universities, retail establishments, and more. BrightView is passionate about creating exceptional landscapes and opportunities that advance our people, communities, and clients.

In each case the unique needs of our clients are considered and services are tailored accordingly (e.g., landscaping in the University's colors of orange and white).

Tennessee Presence

BrightView's network provides coverage throughout the State of Tennessee, with over:

- 200 full time employees and 59 trucks
- More than **250 locations served in Tennessee**
- Key Tennessee customers:
 - Tennessee State University
 - Williamson County Schools
 - Tennessee Smokies
 - Duke Realty
 - Stonemor Partners
 - FedEx
 - Google
 - Tennessee Smokies—AAA Baseball team in eastern TN

Commitment to UT

BrightView is committed to helping UT meet its goals. Our experienced experts will go beyond what's expected with recommendations and guidance you can trust. We combine a meticulous eye for detail with big picture focus to provide solutions that help reduce liability and contract management risk, improve employee well-being, and improve your operating budget. What's more, our LEED®-accredited professionals can help increase the sustainability of your properties with environmentally friendly practices that reduce water and chemical use and minimize debris to landfills.

Diversified Maintenance – Custodial Services

Diversified Maintenance, is a nationally-recognized cleaning service dedicated to providing its clients with high quality facility solutions. Establishment in 1997, Diversified Maintenance has grown to employ more than 7,500 associates, covering a national footprint. Key asset types include: office buildings, major industrial, manufacturing plants, and educational institutions.

Diversified Maintenance is active in:

- **Building Service Contractors Association International (BSCAI)** standards and has adopted the BSCAI Code of Ethics.

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- Attained the **ISSA Cleaning Industry Management Standard – Green Building criteria (CIMS-GB) with Honors**. CIMS-certified organizations must demonstrate compliance with the following Core Principles of the Standards and undergo a comprehensive management and operational assessment.

Tennessee Presence

Diversified Maintenance serves more than **380 client locations in Tennessee**. Their multi-industry offerings are customized solutions based on our long tenure in the janitorial service industry. The unique and complex challenges we have met in a variety of settings has granted us the technical knowledge required to provide top-quality service. Current clients in Tennessee include:

- ADM
- BB&T Bank
- BCBS of Tennessee
- Cadence Bank
- Colgate-Palmolive
- Commercial Vehicle Group
- Emerson
- First Tennessee (First Horizon)
- General Mills
- Honeywell
- Langley Companies
- Meritor
- Nissan
- Regions Bank
- Sonoco
- State of Tennessee
- University of Tennessee School of Veterinary Medicine

Commitment to the State

Diversified Maintenance will deliver a customized service plan based on UT's desired outcomes. While other facility maintenance companies use a standard service model to meet specific requirements, Diversified Maintenance has found that facilitating a service plan tailored to meet a specific client's cleaning needs will ultimately result in quality performance standards, a clean and safe environment, and measurable client satisfaction.

APPA compliance

JLL provides facilities management services to a number of educational institutions across the United States. As such, we have a deep understanding of APPA standards and codes. Ensuring compliance and best-in-class operating standards will be of paramount importance for the services we provide to UT.

During transition, we will finalize scope and service-level standards, aligned with either APPA targets or targets determined by UT for each site, zone, and area as required. We will also integrate these targets into technology tools and systems that will operate, manage and measure actual service results.



Additional APPA-related activities include:

- Create tasks and frequencies for each area and adjust as required
- Develop JLL and Alliance Partner playbooks for each service area and customize to UT
- Flow-down all service / APPA level targets to each landscaper / custodian / engineer and manager
- Perform team safety training with ALL service and team members
- Customize safety plans to JLL and UT requirements and standards
- Align work plans to UT's Campus Master Plan and adjust to an agreed-upon frequency
- Review performance against key metrics daily, at the site-level monthly, and quarterly at governance levels, or as otherwise required by UT
- Clearly establish ownership / accountability for quality, safety, and desired outcomes for all employees
- Perform QC inspections, tours, and walkabouts in collaboration with UT contacts for alignment on improvement ideas and overall quality
- Conduct daily, weekly, monthly, and annual inspections by on-site supervisors
- Conduct unannounced senior management inspections
- Implement Brightview's 7 Standards of Excellence in Grounds operations

Work order management – powered by Corrigo

We propose to implement our Corrigo technology tools for enhanced workflow management at UT. In late 2015, JLL acquired Corrigo Incorporated, a pioneer in cloud-based facility management solutions that improves productivity, increases

transparency, and provides advanced business analytics. This acquisition creates a transformational shift for JLL’s clients in using automation to streamline everything from initiating and tracking work orders, managing vendor bids and monitoring completed work to paying invoices.

Corrigo streamlines all service requests, so they are scheduled, tracked, and managed at a single location and into a single system. By bringing visibility, accountability, and automation to facilities management business processes, Corrigo’s powerful platform and mobile apps will provide UT with the superior data, analytics, and business intelligence you need to help meet your performance goals, while reducing costs and improving service delivery.

Proposed transition plan

We anticipate a transition period of 90 days and a go-live date to be determined in collaboration with UT. The critical first step to a successful transition is working with the State’s representatives on the announcement to the effected employees and ensuring we have an introductory meeting within 24-72 hours with this team.

A key element of the meeting is to share the process and overall timeline for the transition and allowing the employees to ask important questions that will affect them. The following table describes the key Human Resources (HR) events involved in the physical transfer employees, included recommended timing:

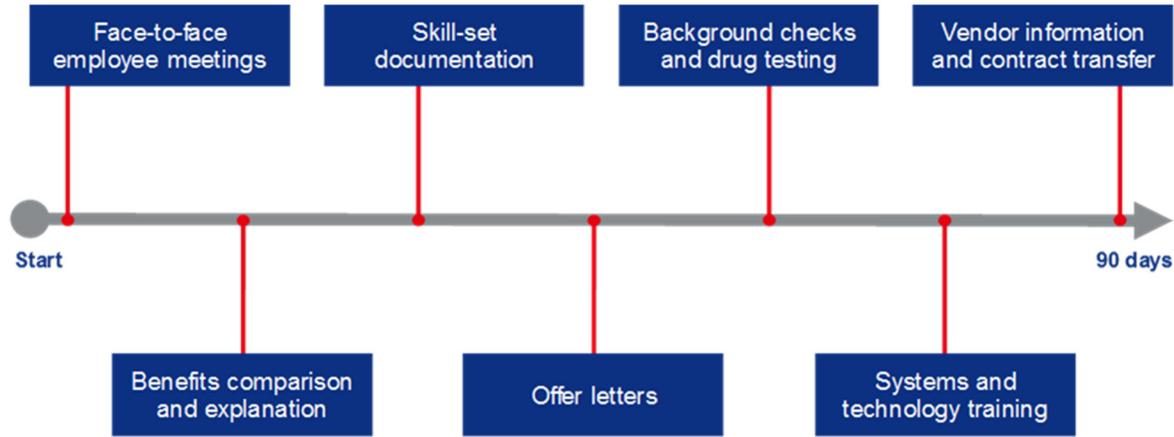
Key Event on HR Timeline	Description of HR Events	Timing Recommendations
Kick-off Meeting	Once the Master Services Agreement (MSA) has been signed, a kick-off meeting starts transition activity; attendees include UT key stakeholders, JLL deployment team, and JLL Account Leadership	Pre-MSA signing
Impacted Employees Notified by UT	JLL has templates available to assist with communication to impacted employees	Within 24 hours after MSA signing
Impacted Employee List presented to JLL HR	Impacted employee list will be delivered to following kick off	24 hours before JLL introductory meeting

Key Event on HR Timeline	Description of HR Events	Timing Recommendations
JLL Introduction Meeting(s)	JLL overview of partnership, services provided, “what’s in it for them”, benefits overview and next steps for impacted employees	24-72 hours after impacted employee notification
Employee Application / Getting to Know You Form	Online application (paper form available as requested). Information obtained in form will provide JLL HR with employee details needed for hire into JLL systems	Completed within a week of JLL introductory meeting
Employee Meet & Greet / Skill Assessment	Individual employee meetings to get to know the employees, best practice is in-person meetings (can accommodate phone as needed)	Completed approximately 2 weeks after employee application is completed
Delivery of Offer Decision Letters	Offer decisions and JLL Welcome letters delivered via secure email	Depending on size of team, 2-4 weeks after Meet and Greet
Offer Acceptance Window	JLL will provide a 3-5 business day window to include time for decision making and additional questions	One (1) week for offer letters
Pre-Employment Processes	Pre-employment screening will adhere to UT prescreening thresholds, as well as JLL standards	Immediately after offer acceptance
Day One and Benefit Orientation Sessions	JLL benefits will be effective on day one for transitioning employees. Benefit Orientation sessions begin on day one, and will provide a detailed benefit overview and step-by-step enrollment process	At the date of “Go-Live”, following the 90-day transition period.

JLL takes great pride in our expertise and track record in successfully transitioning employees to our firm. In the last year, JLL has successfully transitioned more than 440.5 million square feet of operations, over 1,439 employees, across nearly 15,651 client sites around the world, and we achieved an average 4.1 out of 5.0 satisfaction rating.

Our professional and personal approach to the transition process encourages transferring employees to see outsourcing as an opportunity that will enhance their

career rather than as a threat to their position. This, in turn, has led to the retention of key staff within the outsourced businesses and the maintenance of morale and optimism. Key activities as part of our structured transition process are highlighted below:



Following transition, we will implement a first-year action plan to address key value-add initiatives at UT. Due to its size, a sample workplan is provided as a separate attachment to our response. Please refer to Appendix D – Key Activities Workplan.

People care and total equitable compensation

Our integrated team – JLL, Diversified Maintenance, and BrightView – is totally committed to keeping all UT employees financially whole and aligned with our compensation philosophy, which establishes fair and equitable pay practices. We attract, retain, and engage the best talent with base salaries that are competitive with the market, as well as total compensation packages with ranges that enhance our pay-for-performance culture.

JLL recognizes that this outsourcing process entails change for individuals, and we will undertake significant efforts to listen and communicate with all individuals to understand and address their individual concerns. One significant element for transiting employees is the introduction into JLL’s compensation structure and career map. At the start of the transition, all eligible employees will receive an offer from JLL detailing their personal total equitable compensation. This will support our pay-for-performance culture and enable us to evolve individuals towards the plan for “market-level” compensation levels.

Annual performance reviews occur in the first quarter following each calendar year and are paid during March of each year. Annual increases are based upon individual performance. The following elements are critical to our people care strategy:

- No employee loses a job---all current UT employees are offered employment (subject to background and drug testing—necessary to meet legal requirements and assure student safety)
- All employees will receive equal or better compensation with JLL or its' Alliance Partners than they presently receive. The Total Equitable Compensation elements (highlighted below) have analyzed existing compensation elements to assure this item-by-item equalization with JLL's compensation plans, and will be further explained to each and every employee during a Transition phase.
- Further, JLL assures the opportunity for training and career development for employees, which enables JLL and its partners to increase compensation to market levels as earned, for all employees. In fact, former State of Tennessee employees who became JLL employees four years ago now earn, on average, 37% higher compensation than when employed by the State.

The key elements used to define Total Equitable Compensation include base salary, longevity pay, health insurance, pension/retirement planning, sick pay, paid vacation time, and tuition benefits. These elements have been established through careful collaboration with those highly knowledgeable about existing Tennessee compensation and benefits programs.

Provided below are the Total Equitable Compensation details for impacted employees. Additional details can be found in Appendix E – Total Equitable Compensation, which also includes a list of **additional benefits provided by JLL to UT transitioned employees**.

- **Salary**
 - JLL will offer a base pay increase to compensate for actual longevity bonus and an additional 1.9% to address differences in paid time off (sick leave plus vacation)
- **Health Insurance**
 - Employees will select their comparable plan from various JLL options

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- Differences in employee contribution will be added to base salary adjustment
 - **Pension / Retirement / 401K Matching**
 - Employees will retain their State retirement benefit as they leave State employment
 - JLL will provide an 11% increase in base salary, plus a 4% match on the first 5% contributed = 15% toward their 401K contribution
 - **Longevity**
 - JLL will grant recognition of total years of service equal to those earned in State employment, and add an adjustment in the first year's base compensation.
 - **Educational Assistance**
 - Education assistance will be offered according to the current benefits program

Managing Change During Transition

Our transition approach is part of a comprehensive, end-to-end change management program that is unique in the real estate services industry. Our proven methodology focuses on ensuring the solution is effectively executed and the changes are adopted by all groups impacted by them. JLL utilizes a comprehensive change management methodology that is unique in the real estate services industry known as Managed Change™. We have resources fully dedicated to change management and ensuring our clients fully achieve their outsourcing objectives.

During the transition for UT, the objective will be to facilitate the proper establishment and set-up of service delivery and management for long term success. In so doing, our primary focus is to minimize the risk that is inherent while preserving “business-as-usual.” Even with an established joint team and solid transition plan, we will not take our focus away from risks that arise during the course of a transition.

Managing change is a core competency of our firm

JLL utilizes a proven, licensed methodology that is embedded throughout our end to end process, starting with the transition and extending to our unique transformation program. We have a dedicated transition team with subject matter experts representing each functional area. Our program managers are trained change management professionals to ensure we achieve the business results we are all expecting.

We bring the people, processes, tools and expertise to this transition from the start—accelerating deployment, while mitigating transition risk through effective change management. Our account team and transition team will look to leverage organizational knowledge within our clients’ real estate teams, systems and existing suppliers throughout the transition process to optimize productivity and consistency.

At a high level, our program uncovers insights that inform the three stages of transition:

- **Current state:** articulating **why** the change is necessary and the status quo is no longer acceptable
- **Desired state:** fully describing **what** the future will look like to those impacted by the change
- **Delta state:** clearly explaining **how** the changes will be implemented and the role each stakeholder has in the process

Using these insights, we will create and deploy a comprehensive communications, training and reinforcement plan for UT to proactively address each area of resistance and avert risks to a successful transition.

Managing Risk for UT

We have considered all aspects of the transition and our team has developed a specific plan to ensure that any potential risks are appropriately managed and mitigated. Prior to any announcement regarding the outsourcing, JLL will bring in other transitioned employees from within our firm to speak directly with UTK employees. We will also organize visits with other JLL accounts and employee groups to further engage impacted employees in the process. In addition, JLL will:

- Communicate that all employees will keep their jobs and will not be required to relocate.
- Emphasize the compensation equalization for every impacted employee (Total Equitable Compensation).
- Offer significant training and career development programs to help employees grow and reach “market” levels of compensation.

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- Articulate the career progression possible with a professional facilities management company such as JLL. We will create a customized technology application to track each employee's progression of training, promotion, and compensation increases.

Communications plan for UT

As part of our transition approach, JLL will collaborate to develop and implement a communications plan with UT to ensure clear and appropriate communication to all impacted stakeholders including transitioning employees, students, employees, and the public.

This approach will include the following key elements:

- Clear communication of objectives
- Why JLL was selected by UT and the State of Tennessee
- Web links for JLL and the program
- People care plan
- Local media interviews
- Social media monitoring
- Talking points when addressing specific audiences
- FAQs on what it means to partner with JLL
- A landing page that provides employees with more information:
www.jll.com/StateofTN



Managing performance for UT

JLL's standard practice is to operate within, be accountable for, and be compensated in accordance with a performance-based management approach. This is reflected in our existing client relationships, where more than 85% of our multi-year contracts have a collaborative risk-reward structure.

Today, in our current State of Tennessee Facility Revolving Fund portfolio agreement, JLL puts 50% of our management fee at-risk based on achievement of mutually agreed KPIs, and the new contract for the universities places 100% of JLL's management fee, and 50% of our alliance partner's base management fee at risk. The age-old statement, "If you can measure it, you can't manage it", still applies.

- **Accountability:** JLL will be accountable for meeting or exceeding the State's Desired Outcomes for each Authorized Entity (AE), as stated in Appendix C.
- **Fact-based Performance Reporting:** For all objective performance metrics, JLL will document specific details on costs, operations, and customer satisfaction on each AE for review and approval. More information on Performance Management reporting is outlined later in this response section
- **Subjective Performance Reporting:** JLL understands that not all Desired Outcomes are easily translated into a metric or a formula. We will accommodate each AE with subjective scoring elements to measure our performance against Desired Outcomes
- **Changes in Scoring:** We understand that the goals and objectives of each AE will change within a given year and over the long term. As necessary, we will collaborate and adjust specific performance metrics, consistent with the Desired Outcomes, over the term of the agreement upon the discretion of the AE and as mutually agreed with JLL

Ensuring alignment with Desired Outcomes

JLL proposes using the following at-risk and incentive elements to tie our performance to the results we deliver for UT:

1. **Shared-Risk:** JLL will place 100% of our base management fee at-risk to meet the agreed upon outcomes (and 50% of our alliance partner's management fee is at risk). This will support complete alignment with UT through ongoing collaboration.

The ability to earn our Management Fee will be subject to agreement on a balanced scorecard that includes financial and operational (non-financial) performance metrics.

2. **Incentive Compensation:** JLL will have the opportunity to earn Incentive Compensation (IC) for meeting and exceeding agreed KPIs.
 - a. The IC will be funded by actual cost savings and/or cost avoidance delivered and as approved and agreed at the full discretion of UT
 - b. The IC factors will scale as the total State of Tennessee portfolio grows.
 - c. JLL recommends that scoring and funding of any earned IC occur semi-annually (every six months)
3. **Contract Term Incentive:** JLL will have the opportunity to automatically extend the agreement past the initial five-year term if the agreed upon outcomes are met or exceeded.

Contract summary and business terms

The statewide contract is a cost management and quality improvement tool for UT and other State institutions to use. UT will have its own:

- Local agreement (participating addendum for UT to the contract)
- Local governance teams between the UT and JLL teams
- Local control by UT over budgeting, funding and savings decisions
- Five-year contract term plus five additional one-year renewals, if earned by JLL and its Alliance Partners

As noted previously, all State employees will be offered positions and employed with equalized compensation elements defined as Total Equitable Compensation (must pass background and drug testing to qualify).

Additionally, UT will benefit from the following:

- Pass-through of all labor and operating costs without mark-up (i.e., full transparency and decision control by UT)
- A minimal base fee that provides for some overhead recovery

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- Fee income to JLL (both base fee and incentive fee), the majority of which, is tied to its' performance – savings gain-share and KPI success measures are aligned with “fee at risk” against these success measures (100% of the JLL fee and 50% of its' Alliance Partner fees are “at-risk” against performance).
 - Voluntary participation – UT can elect all integrated service programs for full value, or select ala cart service offerings (i.e., R&M and facility management only, without custodial or grounds)
 - JLL (and Alliance Partners) are required to employ all incumbent staff during the contract term; each State employee must be made-whole with Total Equitable Compensation.

Magnitude of Scaling

Our contract pricing is based on the magnitude of scaling as the contract grows and AEs choose to on-board. For all participants, including the early adopters, costs are immediately reduced through the scaling factors detailed below as other AEs join the program. So, the initial participants immediately gain the benefit of scaling. Participants will begin to see the savings benefits without the scaling, and this will improve as scaling occurs. JLL's base management fee scales down for each service as follows, enabling further cost reductions over time for all AEs:

- **Repair & Maintenance and Facilities Management:** The fee rate in cents per square foot decreases as the portfolio square footage increases via a scaling table in the pre-negotiated pricing sheets.
- **Custodial:** The fee as a percent-of-spend scales downward and decreases as the spend under management increases in this category, via a scaling table in the prenegotiated pricing sheets.
- **Grounds Maintenance:** The fee as a percent-of-spend scales down and decreases as the spend under management increases in this category, via a scaling table in the prenegotiated pricing sheets.
- **Work Order (Corrigo) and Call Center charges:** In the pricing sheets, you will see a charge per work order or phone call to the call center. These costs, included in the annual budget, are only charged when the service is used and scale downward as work order / call volumes increase.

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- **Nonrecurring material and equipment costs:** While projected total volumes for each AE are variable and may not be known with certainty, we will be held accountable to show scaling down of these cost categories as the portfolio and AE-specific site volumes grow. Included are uniforms, consumables, materials, etc. Our Supply Chain group will work to ensure cost leverage and reductions are achieved.
 - **Governance Costs:** Our team will scale and allocate costs across the portfolio as AEs join the program. Specific elements to scale will be collaboratively determined with the program's Advisory Board (governance). As the participating university's and state agencies begin to build volume in other services provided by JLL, we will develop a scaled-pricing framework using the very same elements we have provided within the State's RFP scope of services.
 - **Benefits Administration Fee:** A modest fee percentage of base staff salaries will be charged to cover the cost of direct administration for providing and managing employee benefits. This percentage scales down as participation in the State contract increases, providing more savings as more schools onboard to the contract.

The Value We Will Deliver for UT

In summary, JLL has developed a strong value proposition for UT from both a qualitative and quantitative standpoint. To demonstrate our confidence in delivering measurable results, we will place 100% of our base management fee at risk to meet the agreed upon outcomes. The value we will deliver includes the following key elements:

- **Reduced costs.** We have identified more than \$5.2 million in annual savings and are confident that we can capitalize on additional savings opportunities as our partnership develops and we become more intimately familiar with the portfolio. Moreover, we will ensure that these savings are delivered without sacrificing service or quality levels.
- **Improved occupant and user satisfaction.** Our world-class Integrated Facilities Management program will enhance the occupant and user experience at UTC. JLL requests occupant feedback after each property maintenance service. In JLL-managed State of Tennessee-owned facilities, occupants reported a 97% satisfaction rating over the past four years, a feedback process JLL would institute for UTC.

-
- **Enhanced efficiency through best practices and technology.** JLL and our alliance partners bring deep expertise in managing grounds and facilities for Higher Education institutions across the country. We will leverage this expertise to implement best practices, efficiencies, and technologies that will improve operational performance and position UTC at the front rank of US colleges and universities. This includes implementation of our best-in-class work order management system, Corrigo.
 - **Focus on people care.** We fully understand the importance of your existing facilities staff and how they are viewed as ‘family’ within the UT culture. JLL has observed the strength of the in-place team and will ensure two critical things: *no employee (passing background/drug tests) loses a job and all employees receive equal or better compensation with JLL or our alliance partners.* In addition, we can offer significant opportunities for training and career development given our management of more than four billion square feet of real estate around the world. In short, JLL is an employer of choice within the real estate industry.

Appendix A – Summary of Budget and Baseline Analysis

Our proposed pricing summary for UTK is provided in the table below, and separated by auxiliary in Appendix F.

	Original RFP submission	Revised	Variance
Baseline	\$48,339,809	\$53,167,173	(\$4,827,364)
Baseline FTE	520	709	(189)
Total Bid FTE	521	695	(174)
Total Labor Costs	\$18,070,750	21,041,835	(\$2,971,085)
Total Burden Costs	\$5,401,459	7,826,937	(\$2,425,478)
JLL Administrative Fee Costs	\$898,805	892,868	\$5,937
Total 3rd Party Supplies and Materials	\$12,990,685	15,450,731	(\$2,460,046)
Total Management Fees	\$1,542,109	\$1,815,185	(\$273,076)
Insurance Premium	\$330,564	\$330,564	(\$0)
Call Center/Technology	\$210,143	\$214,135	(\$3,992)
Total Governance Team	\$383,893	\$330,358	\$53,535
Total	\$39,828,408	\$47,902,613	(\$8,074,205)
Savings	\$8,511,401	\$5,264,560	\$3,246,841
% Savings	17.6%	9.9%	
Additional Savings Opportunities			
Utilities Savings		\$2,252,027	
Labor Vacancy Savings		\$3,915,000	
Notes/Assumptions:			
<ul style="list-style-type: none"> • Current FY17 baseline vs original FY16 baseline increased due to increased vendor spend and previously committed labor/burden costs. • Revised FY17 baseline includes 7 stay-back and 48 unprotected roles (student/temporary labor). • JLL assumes all overtime expense is included in the baseline information provided by UTK. • JLL Governance Team costs are included in the Total Bid FTE figure. • Utilities savings will occur as a result of JLL operating practices. This represents a 7.5% reduction from current estimated utilities costs in Year 1. This will NOT be included in the calculation of Shared Savings. • Labor savings are based on 709 FTEs, a reduction of 90 FTEs from the 2016 baseline. This includes the elimination of vacant positions. • JLL assumes \$43,500 for a fully loaded FTE. 			

Appendix B – Central Plant Management Case Studies

Provided on the following pages are case studies highlighting JLL's deep experience in central plant management.

Merck



JLL supports several major Merck sites with robust utility systems. The Kenilworth, Rahway, Upper Gwynedd and West Point are large industrial campuses connected by large utility systems to create and distribute electricity, water, process water, natural gas and compressed air. For example, the 100+ building campus at West Point is connected by over 61 miles of underground piping.

Electrical

JLL manages all electrical systems inside Merck properties, or electrical systems 4160 volts and down. Merck's large sites also have significant power generation capabilities as well. For example West Point's generation capacity at 40 megawatts and at Rahway, solar panels generate over 420,000 kilowatt hours and microturbines generate over 350,000 kw/year.

Wastewater

Merck's Rahway campus operates a wastewater facility that provides "pre" treatment before being piped into Rahway's sewage treatment system. The site consumed ~420,000,000 gallons of water.

Steam

Merck's major campuses at Rahway, West Point and Kennilworth all have large, complex steam production and distribution facilities. For example, at Rahway, JLL oversees a powerhouse of 10 boilers with a total capacity of 1.2 million lbs./hr. Typical boiler operation is to produce steam at 900 psi, 810° F, and route it to one or more of the Power Plant turbine-generators to generate electricity. Site steam is distributed through 19 miles of steam and condensate return piping.

Rahway recovers as much steam condensate as possible for reuse in the boilers. Approximately 125 Condensate Recovery Units (CRU), consisting of a vented collection tank and transfer pumps, are strategically located throughout the site. Depending on season and system conditions, 40% to 60% of the steam condensate is collected and reused.

Water

JLL's ensures all potable drinking water is pure, clean and compliant with regulatory specifications and limits. This includes water testing, pump and distribution system maintenance and service coordination. Water systems can also span multiple municipal jurisdictions.

For example, at Merck's Rahway campus, JLL's service team must coordinate regular services and emergency response with two municipalities (Rahway and Linden, NJ) that supply the campus with electricity and potable water. JLL is also responsible for maintenance and repair of industrial filtered water systems. At Merck Rahway, JLL maintains a filtered water system that includes a 25,000 gallon raw water tank, a 10,000 gallon reverse osmosis (RO) feed water tanks and two 40,000-gallon deionized water storage tanks. This system is capable of generating 1,500 gallons of deionized (DI) water per minute.

HVAC

JLL operates and services all types of HVAC equipment include small split systems, rooftop units and large central chiller plants. For example, there are twenty-nine (29) total comfort cooling chillers in the central plants. Seventeen (17) of these chillers are single pass steam absorption type, which accounts for 63.3% of the total design installed cooling capacity. The remaining twelve (12) chillers are electric centrifugal type, accounting for 36.7% of the total design installed cooling capacity.

Utilities Management

JLL provides comprehensive utilities management services for BMS, including general maintenance, operation, condition assessments, meter reading, and utility locator services. JLL provides an annual report summarizing the performance of all major utility systems; analyzing maintenance issues and recommending upgrades or programs as required. We include the business case for recommended improvements, upgrades and replacements, an annual analysis of energy performance, and a plan for energy and water reduction. JLL manages a leak detection program for all major utility systems, including water, steam, natural gas, steam distribution systems and bulk gas distribution systems and compressed air distribution systems. Larger sites include utility tunnel systems that transports steam, chilled water, gas and compressed air from utility plants to campus buildings.

HVAC

JLL engineering teams operate, maintain and repair multiple chiller systems for BMS locations. Services also include process chiller systems that support sensitive manufacturing and research environments.

- Central utility plant with 12,000 tons of chiller capacity and 18,000-ton capacity cooling tower system (Lawrenceville, NJ).
- 3 York 1750-ton chillers (Devers, MA)
- Four air cooled chillers - 1,310 tons of chiller capacity (Bloomsbury, NJ)
- 19,000 tons of chiller capacity (process and comfort) and cooling towers with 70,000 GPM capacity (New Brunswick, NJ)
- One (1) 1,100 ton centrifugal chiller and four (4) Oil free screw compressors over 6,000 tons of chiller capacity (Manati, PR)

Electrical

JLL provides operations, maintenance and repair to all electrical systems on BMS property. In Lawrenceville, NJ, this includes a cogeneration plant with 4.3 MW capacity and solar powered heating and photo-voltaic electrical generation in Lawrenceville, NJ. The Cogen Plant in New Brunswick is capable of producing 50% of the site's power needs. For electrical generation equipment, JLL provides emission and stack monitoring services (including maintenance of stack monitoring equipment). Power is distributed throughout the campus by underground 5 KV electrical distribution system. JLL manages emergency power systems including 5 MW generators in Devers, MA, 8 MW generators in Humacao, PR, and two diesel generators in Bloomsbury, MJ.

Wastewater

BMS' portfolio includes multiple industrial and manufacturing areas where JLL is responsible for managing, coordinating and executing effluent and waste water treatment systems to include collection, treatment, transport, handling analysis and documentation. The site wastewater treatment plant is used to treat wastewater streams at all research and manufacturing locations. At the Hopewell, NJ site, a monthly average of 25,000 gallons per day of sanitary wastewater is discharged to the Stony Brook Regional Sewer Authority. This wastewater stream includes pre-treated sanitary wastewater, industrial wastewater and biologics wastewater. The site has two infiltration/percolation ponds used for recharging the ground water supply and as a source of fire protection water and HVAC make-up water. Treated wastewater from the WWTP is discharged to the first pond. And then to the second larger pond that is considerably larger and holds approximately 12.5 million gallons of water.

Steam

JLL manages steam production and distribution systems at most major BMS locations. Our services include operations, maintenance and repair to steam and humidification systems, such as high/low pressure boiler operations, clean steam generation systems, heat exchangers and high temperature hot water heaters.

Water

JLL operates and maintains all potable water systems on BMS property. Water supply for BMS locations often comes from a variety of sources. For example, there are three water supply systems at the BMS Hopewell, NJ site. These include potable water supply wells with water treatment units, e.g., air strippers, and associated supply piping to buildings and equipment; pond water supply used for fire protection, HVAC make-up, including pumps and associated piping and controls; and reclaimed water system supply to HVAC systems and associated piping and controls. At BMS Hopewell, JLL manages, coordinates and executes a ground water treatment program to include pumping, collection, testing, analysis, treatment, monitoring, discharge and documentation, in accordance with BMS procedural documents and regulatory requirements. Ensure planned maintenance, repair and inspection program is in place and executed for equipment included but not limited to meters, wells, ground water processing and pumping equipment, generators, blowers, alarm systems, SCADA related to ground water facilities, and appurtenances. In addition to potable water, JLL teams also manage specialized laboratory process water systems and equipment, including reverse osmosis, deionized water, and demineralized water and storage tanks.

General Motors



Utilities Management

JLL provides comprehensive utilities management services for GM, including general maintenance, operation, condition assessments, and meter reading. JLL manages a leak detection program for all major utility systems, including water, steam, natural gas and compressed air distribution systems.

Electrical

At GM Orion, JLL manages the Co-Gen, supplying 4,160 volts to the facility. The Co-Gen system is made up of five (5) 20 cylinder CAT Methane gas generators which are supplied gas from two (2) neighboring landfills. These generators produce 8 megawatts of electricity for the facility, initiatives which allow GM - Lake Orion to improve their environmental impact.

Wastewater

At GM Orion, JLL manages the wastewater facility that provides pre-treatment, before being piped to the city of Detroit wastewater treatment system. The site treats and discharges 700,000 gallons of pre-treated water per week. At Baltimore and Romulus, JLL manages the wastewater facility that provides pre-treatment, before being piped to the city wastewater treatment systems. The sites treat and discharge a varying amount depending on process activities, generally ranging in 700,000 to 900,000 gallons of pre-treated water per week.

Baltimore Wastewater:

- (3) 12000 gal storage tanks
- (1) 3000 gal process tank
- (1) 2000 gal waste oil tank

Romulus Wastewater:

- Polish tank holds 2,000 gallons of Process water.
- DAF holds 500-1000 gallons of process water and this unit is gravity fed.
- Ultrafiltration process tank hold 5,000 gallons of process water.
- Cookers 1-4 holds 3,000 gallons each of used oils. To be offloaded
- Scum holding holds 5,000 gallons of used oils Transferred from DAF via Oil separator (outside).
- Caustic tank holds 5,000 gallons.
- Polymer (liquid) hold 5,000 gallons.
- Aluminum sulfate hold 5,000 gallons.
- Ultrafiltration cleaning tank holds 1,000 gallons.
- Ultrafiltration chemical feed tank for cleaning solution holds 20 gallons.

Steam

At GM Orion, JLL oversees a powerhouse consisting of two (2) main boilers, producing 245 lbs. of steam to a 4,000 ton Carrier chiller. The steam is used to chill water to an average of 45 degrees to send to the facility. Maintenance is provided for two (2) 1,000 ton York chillers that supply 42 degree water to the paint elpo system. Paint shop is also supplied 180 degree water by two (2) 500,000 BTU electric/natural gas boilers. JLL PEC team manages steam production and distribution systems at the GM Pontiac site that supports both testing processes and comfort systems.

- (3) 36.8 MMBtu/hr Gas Fired Boilers with associated water treatment equipment, economizer, stacks.
- Condensate recovery system

HVAC

At GM Orion, JLL facilities manages several types of HVAC units at Orion Assembly. Servicing is provided for eighty-seven (87) active RTU's within a closed loop system, three (3) 15 ton York units, and three (3) 20 ton Mammoth units. Additionally, there are six (6) individual package units for in-plant office cooling, most of which are York and Carrier. At the GM Baltimore, PEC and Romulus locations, JLL operates and services all types of HVAC equipment include small split systems, rooftop units and large central chiller plants. JLL engineering team at PEC operates, maintains and repairs multiple chiller systems.

- (2) Heating Hot Water System Heat Exchangers (PEC)
- 35 degree Chillers (5 – 1600 Ton York High Pressure Centrifugal Chillers) with Glycol make-up. (PEC)
- (4) Building Centrifugal Chillers providing 6950 tons of capacity (Romulus)
- (6) Building Centrifugal Chillers providing 3900 tons of capacity (Romulus)
- Multiple Cooling Tower Systems with associated pumps, side stream filters

Groundwater Treatment

At GM in Lansing MI, JLL manages, coordinates and executes a ground water treatment program to include pumping, filtration, treatment, analyzing and recording data, discharge and compliance documentation, in accordance with GM's Environmental and Remediation procedures and regulatory requirements. Ensure planned maintenance, repair and inspection program is in place and executed for equipment included but not limited to meters, wells, ground water processing, carbon filter changes, pumping equipment and alarm systems.

Process Equipment Support

In addition to HVAC, the JLL team also provides support for process chiller systems and central exhaust systems that support sensitive manufacturing and research environments on a 24/7/365 basis.

- (4) 10 MMBtu/hr Regenerative Thermal Oxidizers, which process all of the exhaust from engine testing, eliminating carbon monoxide and unburned hydrocarbons from entering the atmosphere. (PEC)
- (2) Ingersoll Rand Air Dryers Heated Desiccant Instrument Air Dryers (PEC)
- (2) Air Technologies Zero Air Generators (PEC)
- (2) 200 Ton 600 HP Frick -55 degree Syltherm Chillers with Molecular Sieve (PEC)
- (4) 850 Ton Process Chillers (Romulus)
- Climatic test capability from 80C to -40C (all produced by JLL maintained process support equipment)
- Combustion Air and Test Cell AHU support for 120+ engine and transmission test cells (PEC)
- (1) 10,000 gallon Reverse Osmosis water treatment system
- Underground Fuel Farm– Maintenance, operation, repair, inventory, ordering, financial, forecasting, fuel properties management and quality standards for 26 underground storage tanks with a capacity of 255,000 gallons (PEC)

APPENDIX C - REQUIREMENTS ROADMAP

Desired Outcomes	Performance	
	Objective	Standard
<p style="text-align: center;">1</p> <p style="text-align: center;">Provide safe, appealing and high quality facilities and grounds through operational excellence</p>	Ensure both interior and exterior spaces meet agreed-upon appearance standards	<p>Establish standards and scope for facilities and grounds maintenance within X months</p> <p>Validate work against standards, correct deviations and report through Quality Assurance (QA) process X often.</p>
	Meet or exceed agreed-upon service levels for routine and priority service requests	Review work requests for Remedial Maintenance (RM) and other requests by priority and measure against agreed-upon standards
	Maximize asset life cycle	Inventory all assets and determine asset conditions and age within X months and update annually
		Prescribe PM and schedules for all assets and generate PM schedule within X months and update as agreed
		Perform Cost-Benefit analysis for RM and PM identified issues to repair vs. replace, and implement agreed-upon corrective actions
	Determine the condition of the facilities under management	Provide facility inspections of all facilities annually
	Ensure continuity of systems and services	Eliminate controllable unplanned downtime
	Adhere to regulatory and code requirements	100% of applicable staff will attend codes training
		Reduce violations to zero within agreed time period and maintain thereafter
	Utilize safety and risk management programs to reduce incidents	100% of staff attend applicable safety training
Reduce safety incidents to level below previous year		
<p style="text-align: center;">2</p> <p style="text-align: center;">Exhibit good stewardship of state resources</p>	Achieve optimal cost savings within responsible budgets	Achieve X% savings of approved annual plan
		Achieve X% diversity spend of total annual spend
		Annually establish benchmarked budget standards
	Identify current space usage opportunities	Biannual reporting of all buildings ≥ 20k sq. ft.
	Reduce the State's environmental footprint	Reduce energy consumption per sq. ft. by X% of baseline
		Reduce water usage by X% of baseline
		Reduce landfill waste by X% of baseline
		Establish and maintain site specific recycling programs where appropriate
		100% of storm / waste water management permits by due date
	Storm / waste water incidents responded	

<p style="text-align: center;">3</p> <p style="text-align: center;">Foster an environment and culture that promotes flexible customer centric solutions</p>	<p>Be accountable for service delivery to requestors and affected parties</p>	<p>Work order survey response about communication results average equal satisfied or very satisfied</p>
		<p>All mutually agreed scheduled reports issued on time</p>
		<p>Follow mutually agreed communication standards for:</p> <ul style="list-style-type: none"> - unique scheduled events - recurring events - emergency / urgent events
	<p>Improve customer satisfaction</p>	<p>Achieve / maintain a customer satisfaction level of "X" or greater</p>
	<p>Establish a customer service training program</p>	<p>All employees complete appropriate customer service training annually</p>
<p style="text-align: center;">4</p> <p style="text-align: center;">Enable employees to be engaged, motivated and innovative</p>	<p>Provide training programs and cross-training at all levels</p>	<p>Achieve a standard of X% improvement over year 1 baseline on employee engagement survey that incorporates all Objectives</p>
	<p>Provide employment growth opportunities</p>	
	<p>Provide guardrails to empower employees</p>	
	<p>Establish and maintain a high level of employee morale to ensure engagement</p>	
<p style="text-align: center;">5</p> <p style="text-align: center;">Sustain collaboration, transparency and programs that inspire public trust</p>	<p>Mutually develop and maintain required reporting that meets or exceeds the needs of all State entities</p>	<p>All specified reports submitted by due date</p>
	<p>Publicly communicate accurate and informative results of key metrics</p>	<p>Monthly reporting of key projects and cost savings, aggregated and published quarterly</p>

90 days 180 days 270 days 365 days

Transition

- Develop communication plans
- Impacted employees notified by the State
- JLL introduction meeting(s)
- Managed change session
- Total equitable compensation employee review
- Pre-employment screening processes
- Day-one and benefits orientation sessions

Transformation

- Establish and implement authorized entity onboarding strategy
- Establish innovation council
- Continuous improvement strategies

Governance

- Alignment sessions with the State
- Strategic planning opportunities for improvement (quarterly)
- Monitor performance against KPIs/SLAs and desired outcomes
- Innovation, ideation and thought leadership

Technology

- Technology assessment
- Corrigo CMMS work order implementation
- RED data warehouse and data link to ARCHIBUS
- Go live with dashboard and analytics

Accounting and Finance

- Chart of accounts received from the State and mapped
- Property and cost center or ID listing
- Define accounting business processes
- Establish monthly reporting package process

Sourcing and Supply Chain

- Implement preferred supplier strategy
- Review current vendors
- Group bids
- Minority and small business contract review and plan
- Establish supplier performance management, safety, and compliance plan

R&M, Custodial and Grounds

- Workplace hazard assessment and identification of code violations
- Address critical steam line issues
- Conduct safety and skills training for all staff
- Develop preventive maintenance plans for equipment
- Mapping study for mowing and snow zones
- Turf management program and treatment plan
- Seasonal color installation plans
- Grounds quality standards training
- Implement custodial quality program
- Determine special rules and "hot spots"
- Conduct room, corridor inventory/unitize for custodial



TM

Total Equitable Compensation Summary

Total Equitable Compensation



After a thorough investigation involving DOHR and the HR departments of UT & TBR systems, and a vetting of recommendations with all universities, the following was approved by the FM Board of Advisors

- Salary
 - JLL will offer a base pay increase to compensate for actual longevity bonus and additional 1.9% for difference in paid time off (sick leave plus vacation)
- Health Insurance
 - Employees will select their comparable plan from various JLL options
 - Difference in employee contribution will be added to base salary adjustment
- Pension / Retirement / 401K Matching
 - Employees will retain their State retirement benefit as they leave State employment
 - JLL will provide an 11% increase in base salary, plus a 4% match of first 5% contributed = 15% toward their 401K contribution
- Longevity
 - JLL will grant recognition of total years of service equal to those earned in State employment
- Educational Assistance
 - Education Assistance will be offered according to the current benefits

A comparison of total impact is shown on the next page.

Total Equitable Compensation – example



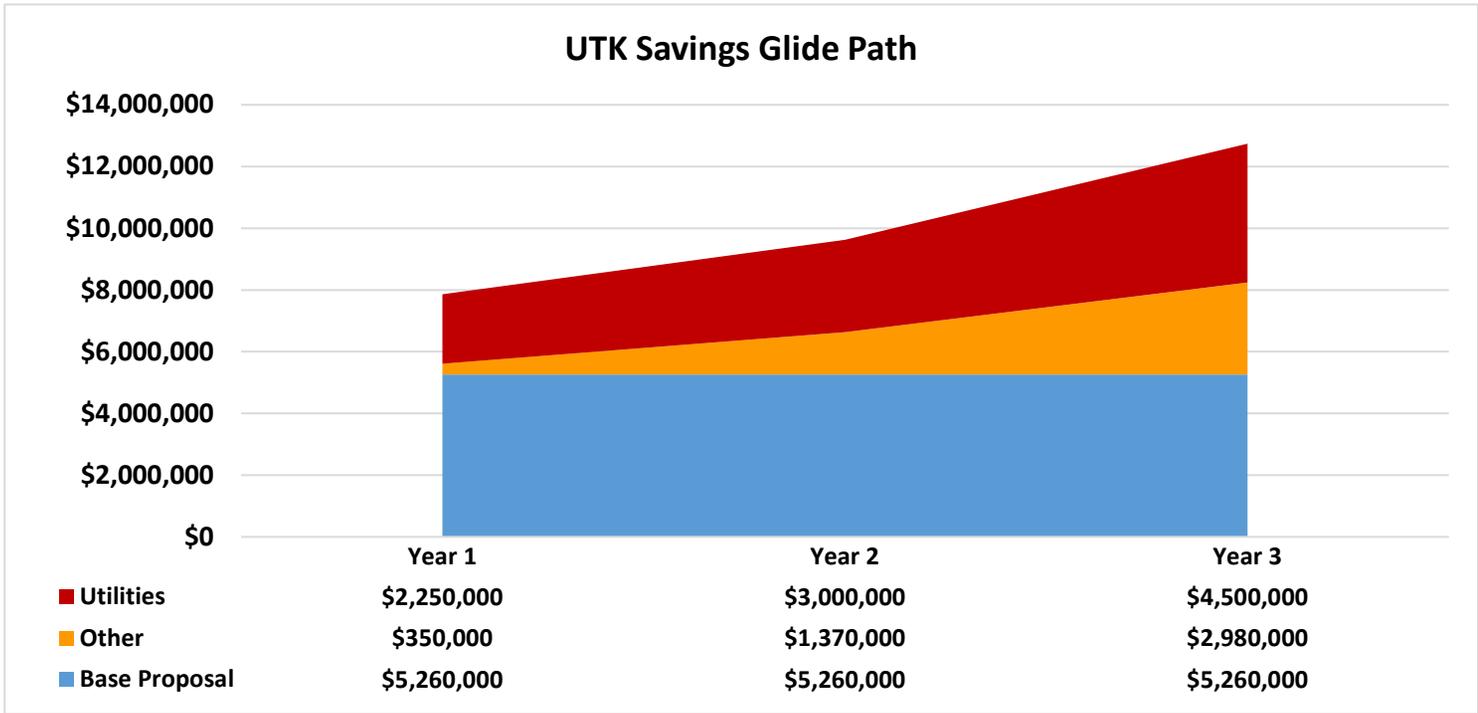
Compensation	Current	JLL	
Base Salary	40,000	41,500	
Longevity Pay	1,500		
Sick Leave Compensation		760	1.9% of previous base salary
Pension Contribution*/Compensation	*6,225	4,649	11.0% of new base salary
Insurance Compensation		2,105	Based on Salary & Coverage
Total Gross Compensation*	47,725	48,930	
Deductions			
Pension / 401K Contribution	6,225	4,649	
Insurance Cost	5,352	7,457	
Compensation before taxes	36,148	36,908	2.1% Increase
<hr/>			
Pension Contribution	6,000	2,346	5% Employee
15% of Longevity	225	1,876	4% JLL Match
		2,303	Remainder of Contribution
Total Pension Contribution	6,225	6,525	Increase of \$300

* For purposes of comparison, the State pension contribution is added to Total Gross Compensation

Total Equitable Compensation – JLL Additional Offerings



Additional Benefits	JLL	State of TN	Details
Coverage for Same Sex Domestic Partners	✓		
Wellness Benefits	✓		Health Rewards Program: earn up to \$725 for yourself & \$725 for your spouse/DP by completing biometric screenings
Short Terms Disability (STD) & Long-Term Disability (LTD)	✓		Administered by Liberty Mutual and a Company paid benefit
Accidental Death and Dismemberment (AD&D)	✓	✓	Administered by Metlife. JLL provides 1 x base salary coverage up to a max of \$300K.
Group Accidental Insurance	✓		Coverage: Two plan options to cover over 31 different injuries and services for more minor incidents. Maximum: up to \$10,000 depending on injury
Supplemental AD&D	✓	✓	JLL - Employee paid benefit. Can purchase coverage from \$50K - \$1M SOT - Employee paid benefit. Can purchase coverage up to \$60K
Business Travel Accident Insurance	✓		Company paid benefit provided for employees traveling outside of country on business.
Home, Auto and Pet Insurance	✓		Employee paid voluntary benefits through MetLife
Critical Illness	✓		Employee paid benefit by Aflac Eligibility: Must be enrolled in a Medical plan
Hospital Indemnity	✓		Plan Features through Aflac: Hospital Confinement Benefit, Hospital Admission Benefit, Hospital Intensive Care Benefit
Parental Leave Pay	✓		Eligible employees who participate in the program (or whose pregnant spouse or partner participate in the program) will be provided with 2 consecutive weeks of paid parental leave upon the birth or adoption of a child
MetLaw – Hyatt legal Plan	✓		Employee paid benefit. Access to network of 12,000+ attorneys for variety of legal issues
InfoArmor – Identity Theft	✓		Your Privacy Plan includes: Identity and Tri-Bureau Credit Monitoring, Monthly Credit Scores and Annual Credit Report, \$1,000,000 Identity Theft Insurance Policy
Employee Stock Purchase Plan	✓		Employees can elect after tax payroll deductions to purchase shares of JLL company stock. Employees may enroll in ESPP four times a year in advance of four quarterly offering periods. No employee discount. Contributions are limited to a maximum of \$25,000
Back Up Care Advantage Program	✓		Features of the program include: 10 days per dependent, per calendar year, Low co-payment, Center based care - \$2,000 per child/visit (\$25 per family max), In home care - \$6.00 per hour (four hour min), Available nationwide
Adoption / Surrogacy Assistance	✓		Full time employees with a minimum of one year of service are eligible for the benefit. JLL provides reimbursement up to a maximum of \$5,000 per child
Fitness Program	✓		LA Fitness, Employee Discount, Equinox, Employee Discount, Lake Shore Fitness, Employee Discount
Purchase Time Off Program	✓		Employees can purchase up to 3 PTO days per year, must be used in quarter purchased.



Other savings is driven by following factors/assumptions:
 Reduced fees due to growing portfolio
 Increased labor efficiency due to JLL processes, technology, & platform

Savings	Year 1	Year 2	Year 3
Base Proposal	\$5,260,000	\$5,260,000	\$5,260,000
Other	\$350,000	\$1,370,000	\$2,980,000
Utilities	\$2,250,000	\$3,000,000	\$4,500,000
Total Savings	\$7,860,000	\$9,630,000	\$12,740,000

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Baseline	\$48,339,809	\$53,167,173	(\$4,827,364)
Baseline FTE	520	709	(189)
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Total Management Fees	\$1,542,109	\$1,815,185	\$ (273,076)
Insurance Premium	\$330,564	\$330,564	\$ (0)
Call Center/Technology	\$210,143	\$214,135	\$ (3,992)
Total Governance Team	\$383,893	\$330,358	\$ 53,535
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	E&G	Arena	Dining	Parking	Housing	Athletics	Total
Baseline	\$32,901,470	\$1,228,223	\$604,736	\$234,836	\$9,723,007	\$8,474,901	\$53,167,173
<i>Total FTE (including alliance partners)</i>	480	12	7	-	143	53	695
JLL Direct Labor Costs	\$9,303,868	\$47,108	\$324,248	\$0	\$767,699	\$717,924	\$11,160,847
JLL Burden Costs	\$3,266,952	\$16,542	\$116,461	\$0	\$304,134	\$269,708	\$3,973,796
JLL Labor Administration Fee	\$744,309	\$3,769	\$25,940	\$0	\$61,416	\$57,434	\$892,868
R&M Supplies and Materials	\$ 2,781,715	\$ 319,041	\$ 32,556	\$ 206,655	\$ 2,008,342	\$ 4,480,841	\$9,829,150
Governance Team Labor	\$170,053	\$6,348	\$3,126	\$1,214	\$50,254	\$43,803	\$274,798
Governance Team Burden Costs	\$20,778	\$776	\$382	\$148	\$6,140	\$5,352	\$33,576
Governance Team Labor Administration Fee	\$13,604	\$508	\$250	\$97	\$4,020	\$3,504	\$21,984
Technology & Call Center	\$94,703	\$1,372	\$16,197	\$1,293	\$89,726	\$10,843	\$214,135
Insurance Premium	\$204,563	\$7,636	\$3,760	\$1,460	\$60,452	\$52,692	\$330,564
JLL Management Fee	\$418,087	\$15,607	\$7,685	\$2,984	\$123,553	\$107,693	\$675,608
Alliance Partner Custodial Direct Labor Costs	\$4,190,839	\$344,489	\$0	\$0	\$3,243,579	\$403,563	\$8,182,470
Alliance Partner Custodial Burden Costs	\$1,746,612	\$113,515	\$0	\$0	\$1,135,471	\$96,414	\$3,092,013
Custodial Supplies and Materials	\$2,442,121	\$184,297	\$0	\$0	\$673,573	\$215,589	\$3,515,580
Alliance Partner Custodial Management Fee	\$258,929	\$19,847	\$0	\$0	\$156,126	\$22,111	\$457,013
Alliance Partner Grounds Direct Labor Costs	\$1,385,020	\$0	\$0	\$0	\$0	\$313,498	\$1,698,518
Alliance Partner Grounds Burden Costs	\$625,880	\$0	\$0	\$0	\$0	\$135,248	\$761,128
Grounds Supplies and Materials	\$1,120,000	\$0	\$0	\$0	\$0	\$986,000	\$2,106,000
Alliance Partner Grounds Management Fee	\$468,070	\$0	\$0	\$0	\$0	\$214,495	\$682,564
Total Costs	\$29,256,104	\$1,080,854	\$530,603	\$213,852	\$8,684,487	\$8,136,712	\$47,902,613
Savings	\$3,645,366	\$147,369	\$74,132	\$20,984	\$1,038,520	\$338,189	\$5,264,560
% Savings	11.1%	12.0%	12.3%	8.9%	10.7%	4.0%	9.9%

Additional Savings Opportunities:	
Utilities Savings	\$2,252,027
Labor Savings	\$3,915,000

Notes/Assumptions:

- Current FY17 baseline vs original FY16 baseline increased due to increased vendor spend and previously committed labor/burden costs.
- Revised FY17 baseline includes 7 stay-back and 48 unprotected roles (student/temporary labor).
- JLL assumes all overtime expense is included in the baseline information provided by UTK.
- JLL Governance Team costs are included in the Total Bid FTE figure.
- Utilities savings will occur as a result of JLL operating practices. This represents a 7.5% reduction from current estimated utilities costs in Year 1. This will NOT be included in the calculation of Shared Savings.
- Labor savings are based on 709 FTEs, a reduction of 90 FTEs from the 2016 baseline. This includes the elimination of vacant positions.
- JLL assumes \$43,500 for a fully loaded FTE.